



STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES

Matt Blunt, Governor • Doyle Childers, Director

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MEMORANDUM

Date: March 1, 2006

To: Land Reclamation Commission

From: Mike Larsen, Chief; Projects and Inspection Unit (*original signed by Mike Larsen*)

Subject: Coal Bond Forfeiture Status Update

Since the last update provided to the commission on January 26, 2006, the bond forfeiture staff has continued to conduct on the ground inspections and evaluations of bond forfeiture sites. In addition, the staff has been working with contractors in order to complete needed repairs and maintenance at various forfeiture sites around the state.

The following is a brief summary for the commission's information as to the work progressing and/or completed since the January, 2006 meeting:

Riedel Energy, Inc. – Monroe and Ralls counties:

On the ground assessments have begun at this former mine site. The purpose of the field assessments is to determine what work will be needed to bring the mined areas into a condition that will allow for a final liability release to be proposed to the commission during future meetings. This is an extensive minesite and will more than likely be the focus of the bond forfeiture staff with respect to repair work and release presentations during the second half of calendar year 2006 and all of calendar year 2007.

This mine site was originally planned to be finished up by the surety who bonded the company however, owing to the bankruptcy of the surety this will no longer be done. Instead, the settlement approved by the commission last summer with the state of New York has resulted in the payment of \$100,000.00 to the commission in order to satisfy the surety's obligation for reclamation of the mine site. Now, the bond forfeiture staff will utilize this money to provide for the completion of reclamation. We are currently reviewing plans originally drawn up by the surety in consultation with the landowners for repairs in certain areas of the mine. This is being done in conjunction with the field assessments.



Universal Coal and Energy Co., Inc. – Mine #4 (Multiple permits) – Howard county

Work with the landowners of a large portion of the remaining areas of this mine has been initiated. As the commission will recall, two permit areas of this large mine site were released from further liability during the second half of 2005. Now it is the staff's intention to proceed with repairs at this minesite (specifically erosion control and spot revegetation on isolated areas) in order to prepare the remainder of the mine for release presentations to the commission. It is expected that by the end of calendar year 2006 the work on all areas of this mine site will be finished and release presentations will have been made.

Universal Coal and Energy Co., Inc. – Renick Mine – Randolph county

This is a surety reclamation project where Lincoln General Insurance Company has already performed the majority of the necessary work. However, one last item needs to be finished before a release presentation can be made to the commission. This is the repair of an open channel spillway for a large impoundment. The surety has recently been contacted and advised of the needed repairs. The surety has agreed to perform this last repair this spring so that this mine site may finally be presented for liability release. It is expected that this mine will be brought before the commission during the May meeting.

Missouri Mining, Inc. – Mine #14 South – Putnam county

Work has been completed with respect to final erosion repair and removal of debris from the surface of this former mine site. This work was performed in order to prepare this site for presentation to the commission in an agenda item later today along with Mine #14 North and Mine #17.

Projected work plans for the first half of 2006

Maintenance work is planned at the Bill's Coal minesite in southwest Missouri related to gully repair and diversion of additional water to a final pit impoundment. It is currently planned to complete this work during this spring or early summer as weather and time allow. The completion of this work should prepare the mine site for a presentation to the commission for release at both the May and July meetings of the commission.

Repair work is planned for Missouri Mining's Mine #15. An emergency spillway will be upgraded and rock armoring of 2 erosion gullies is necessary in order to finish up this mine. A release presentation is currently planned for the May meeting of the commission. In addition, a monitoring well will be removed at Missouri Mining's Mine #12.

Contact with the landowner of Universal Coal and Energy's former coal preparation plant site has been made. An on-site visit with this landowner will be done in late March in order to finalize plans for the repairs of certain isolated areas of his property that require soil importation, liming, fertilizing, seeding and mulching of the repaired areas. This work is expected to be completed during the month of April, 2006. Because this repair involves revegetation of problem areas, the release presentation will not occur before the commission until that second half of 2006. This is to ensure the revegetation efforts have proven to be successful.